

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 STR-07 COME-00 AGRE-00
LAB-04 NSC-05 ITC-01 TRSE-00 /051 R

DRAFTED BY 3B/OT/TA:ABWOODS:JVM
APPROVED BY EB/ITP:WGBARRACLOUGH
EB/OT/TA:HKOPP/TREASURY'EBARBER
EB/OT:SAHMAD
STR:ELAPP/EB/ORF/FSE:PBARBIAN
COMMERCE:WKRIST (SUBS.)
COMMERCE:WDESROCHER
AGRICULTURE:JCHASE
EUR/CAN:GMONROE/NSC:GTREVERTON
LABOR:DPARKER

-----123248 152336Z /66

R 151757Z MAR 78
FM SECSTATE WASHDC
TO AMEMBASSY OTTAWA
INFO USMISSION GENEVA
AMCONSUL CALGARY

C O N F I D E N T I A L STATE 066439

USMTN

E.O. 11652:GDS

TAGS: ETRD, MTN, CA

SUBJECT:U.S. OFFER RESPONSIVE TO ALBERTA INTERESTS

1. VICE PRESIDENT MONDALE, DURING HIS RECENT TRIP TO CANADA, INFORMED THE GOVERNMENT OF CANADA AND THE PROVINCIAL GOVERNMENT OF ALBERTA THAT THE UNITED STATES WOULD OFFER AT LEAST FORMULA REDUCTIONS ON VIRTUALLY ALL CHEMICAL AND PETROCHEMICAL ITEMS OF
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INTEREST TO THE WESTERN PROVINCES AND THAT WE WOULD ALSO BE RESPONSIVE TO CANADIAN REQUESTS FOR U.S. TARIFF REDUCTIONS ON AGRICULTURAL ITEMS, INCLUDING RATE REDUCTIONS AND ELIMINATION OF THE TARIFF RATE QUOTA ON LIVE CATTLE. AS FOLLOW-UP TO THE VICE PRESIDENT'S VISIT, THE PRESIDENT HAS ASKED THAT THE STATE DEPARTMENT QTE INSURE, WORKING WITH AMBASSADORS STRAUSS AND ENDERS, THAT THE ALBERTA GOVERNMENT FULLY UNDERSTANDS THE FAVORABLE IMPACT OUR MTN PROPOSALS WILL HAVE ON THE TRADE INTERESTS OF THE PROVINCE. UNQTE

2. THE U.S. OFFER ON TRADE ITEMS OF INTEREST TO ALBERTA
(TO EXTENT WE CAN IDENTIFY THEM) FOLLOWS. IF THE
CANADIAN GOVERNMENT HAS NO OBJECTION, EMBASSY MAY,
AT ITS DISCRETION, DRAW ON INFORMATION BELOW IN RESPONSE
TO SPECIFIC QUESTIONS FROM OFFICIAL SOURCES REGARDING
THE U.S. OFFER.

TABLE

1976 U.S. IMPORTS (MILLION DOLLARS)
(TRADE FIGURES HAVE BEEN ROUNDED)

TSUS NO. - 428.34
PRODUCT - ETHYLENE GLYCOL
CURRENT DUTY - 1.5 CENTS PER LB. PLUS 7.5 PERCENT AD VAL.
AD VALOREM EQUIVALENT - 15.8 PERCENT
U.S. OFFER - 6.3 PERCENT
TOTAL U.S. IMPORTS - 8.2
IMPORTS FROM CANADA - .1
CANADIAN PERCENT OF TOTAL IMPORTS - 1.5 PERCENT

TSUS NO. - 428.84
PRODUCT - ETHYLENE OXIDE
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CURRENT DUTY - 1.5 CENTS PER LB. PLUS 7.5 PERCENT AD VAL.
AD VALOREM EQUIVALENT - 11.7 PERCENT
U.S. OFFER - 6.4 PERCENT
TOTAL U.S. IMPORTS - 2.6
IMPORTS FROM CANADA - 2.6
CANADIAN PERCENT OF TOTAL IMPORTS - 100 PERCENT

TSUS NO. - 445.30
PRODUCT - POLYETHYLENE (SYNTHETIC PLASTICS MATERIALS)
CURRENT DUTY - 1.3 CENTS PER LB. PLUS 10 PERCENT AD VAL.
AD VALOREM EQUIVALENT - 14 PERCENT
U.S. OFFER - 7 PERCENT
TOTAL U.S. IMPORTS - 5.4
IMPORTS FROM CANADA - 2.0
CANADIAN PERCENT OF TOTAL IMPORTS - 36.7 PERCENT

TSUS NO. - 403.10
PRODUCT - STYRENE
CURRENT DUTY - 1.4 CENTS PER LB. PLUS 9 PERCENT AD VAL.
AD VALOREM EQUIVALENT - 15.8 PERCENT
U.S. OFFER - TO BE SPECIFIED (ASP ITEM)
TOTAL U.S. IMPORTS - 5.1
IMPORTS FROM CANADA - 5.1
CANADIAN PERCENT OF TOTAL IMPORTS - 99.7 PERCENT

TSUS NO. - 415.20
PRODUCT - CHLORINE

CURRENT DUTY - 5 PERCENT
AD VALOREM EQUIVALENT - N/A
U.S. OFFER - 0
TOTAL U.S. IMPORTS - 11.4
IMPORTS FROM CANADA - 11.4
CANADIAN PERCENT OF TOTAL IMPORTS - 99.5 PERCENT

TSUS NO. - 445.4520
PRODUCT - POLYVINYL CHLORIDE
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CURRENT DUTY - 1.25 CENTS PER LB. PLUS 6 PERCENT AD VAL.
AD VALOREM EQUIVALENT - 10.3 PERCENT
U.S. OFFER - 5.9 PERCENT
TOTAL U.S. IMPORTS - 14.9
IMPORTS FROM CANADA - .3
CANADIAN PERCENT OF TOTAL IMPORTS - 2 PERCENT

TSUS NO. - 445.5040
PRODUCT - POLYPROPYLENE (INCLUDED IN SYNTHETIC PLASTICS
NSPF)
CURRENT DUTY - 1.3 CENTS PER LB. PLUS 10 PERCENT AD VAL.
AD VALOREM EQUIVALENT - 11.4 PERCENT
U.S. OFFER - 4.6 PERCENT
TOTAL U.S. IMPORTS - 11.1
IMPORTS FROM CANADA - .7
CANADIAN PERCENT OF TOTAL IMPORTS - 5.8 PERCENT

TSUS NO. - 427.90
PRODUCT - OTHER METHYL ALCOHOL NES
CURRENT DUTY - 7.6 CENTS PER GALLON
AD VALOREM EQUIVALENT - 37.3 PERCENT
U.S. OFFER - 14.9 PERCENT
TOTAL U.S. IMPORTS - 8.5
IMPORTS FROM CANADA - 5.9
CANADIAN PERCENT OF TOTAL IMPORTS - 69.0 PERCENT

TSUS NO. - 429.44
PRODUCT - VINYL CHLORIDE
CURRENT DUTY - 1.25 CENTS PER LB. PLUS 6 PERCENT AD VAL.
AD VALOREM EQUIVALENT - 6.2 PERCENT
U.S. OFFER - 2.5 PERCENT
TOTAL U.S. IMPORTS - .0003
IMPORTS FROM CANADA - .0003
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CANADIAN PERCENT OF TOTAL IMPORTS - 100 PERCENT

TSUS NO. - 429.20
PRODUCT - BUTYLENE, ETHYLENE, AND PROPYLENE DICHLORIDE

CURRENT DUTY - 1.5 CENTS PER LB. PLUS 7.5 PERCENT AD VAL.
AD VALOREM EQUIVALENT - 32.6 PERCENT
U.S. OFFER - 13.07 PERCENT
TOTAL U.S. IMPORTS - 1.6
IMPORTS FROM CANADA - 0
CANADIAN PERCENT OF TOTAL IMPORTS - 0

TSUS NO. - 421.08
PRODUCT - SODIUM HYDROXIDE (CAUSTIC SODA)
CURRENT DUTY - .2 CENTS PER LB.
AD VALOREM EQUIVALENT - 4.4 PERCENT
U.S. OFFER - 0
TOTAL U.S. IMPORTS - 13.2
IMPORTS FROM CANADA - 7.7
CANADIAN PERCENT OF TOTAL IMPORTS - 58.3 PERCENT

CATTLE AND BEEF

TSUS NO. - 100.40
PRODUCT - LIVE CATTLE UNDER 200 LB., N/O 200,000 HEAD PER
YEAR START APRIL 1
CURRENT DUTY - 1.5 CENTS PER LB.
AD VALOREM EQUIVALENT - 5.1 PERCENT
U.S. OFFER - 3.4 PERCENT
TOTAL U.S. IMPORTS - 3.2
IMPORTS FROM CANADA - 2.9
CANADIAN PERCENT OF TOTAL IMPORTS - 95.8 PERCENT

TSUS NO. - 100.43
PRODUCT - CATTLE UNDER 200 LBS., IN EXCESS OF QUOTA YEAR
BEGINS APRIL 1
CURRENT DUTY - 2.5 CENTS PER LB.
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AD VALOREM EQUIVALENT - 9.5 PERCENT
U.S. OFFER - 3.8 PERCENT
TOTAL U.S. IMPORTS - N/A
IMPORTS FROM CANADA - N/A
CANADIAN PERCENT OF TOTAL IMPORTS - N/A

TSUS NO. - 100.45
PRODUCT - LIVE CATTLE NOT LESS THAN 200 LBS. BUT UNDER
700 LBS.
CURRENT DUTY - 2.5 CENTS PER LB.
AD VALOREM EQUIVALENT - 8.0 PERCENT
U.S. OFFER - 3.2 PERCENT
TOTAL U.S. IMPORTS - 70.4
IMPORTS FROM CANADA - 11.8
CANADIAN PERCENT OF TOTAL IMPORTS - 12.4 PERCENT

TSUS NO. - 100.50
PRODUCT - COWS, DAIRY, 700 LBS. AND OVER

CURRENT DUTY - .7 CENTS PER LB.
AD VALOREM EQUIVALENT - 1.7 PERCENT
U.S. OFFER - NO OFFER
TOTAL U.S. IMPORTS - 7.6
IMPORTS FROM CANADA - 7.6
CANADIAN PERCENT OF TOTAL IMPORTS - 100 PERCENT

TSUS NO. - 100.53
PRODUCT - CATTLE, NSPF, 700 LBS. OR MORE, N/O 400,000
HEAD PER YEAR IN SPECIFIED QUOTA
CURRENT DUTY - 1.5 CENTS PER LB.
AD VALOREM EQUIVALENT - 5.7 PERCENT
U.S. OFFER - 3.8 PERCENT
TOTAL U.S. IMPORTS - 74.5
IMPORTS FROM CANADA - 68.9
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CANADIAN PERCENT OF TOTAL IMPORTS - 92 PERCENT

TSUS NO. - 100.55
PRODUCT - CATTLE WEIGHING OVER 700 LBS. EACH IN EXCESS
OF QUOTA
CURRENT DUTY - 2.5 CENTS PER LB.
AD VALOREM EQUIVALENT - 11.9 PERCENT
U.S. OFFER - 4.8 PERCENT
TOTAL U.S. IMPORTS - 1.7
IMPORTS FROM CANADA - 1.7
CANADIAN PERCENT OF TOTAL IMPORTS - 100 PERCENT

TSUS NO. - 106.10
PRODUCT - BEEF AND VEAL FRESH, CHILLED OR FROZEN
CURRENT DUTY - 3 CENTS PER LB.
AD VALOREM EQUIVALENT - 5.1 PERCENT
U.S. OFFER - 3.4 PERCENT
TOTAL U.S. IMPORTS - 758.8
IMPORTS FROM CANADA - 54.4
CANADIAN PERCENT OF TOTAL IMPORTS - 6.6 PERCENT

TSUS NO. - 107.6020
PRODUCT - BEEF AND VEAL PREPARED, NOT PRESERVED EXCEPT
FROZEN, VALUED OVER 30 CENTS LB.
CURRENT DUTY - 10 PERCENT
AD VALOREM EQUIVALENT - 10 PERCENT
U.S. OFFER - NO OFFER (NOT REQUESTED BY PRINCIPAL
SUPPLIER)
TOTAL U.S. IMPORTS - 8.2
IMPORTS FROM CANADA - .1
CANADIAN PERCENT OF TOTAL IMPORTS - 0

TSUS NO. - 107.6040
PRODUCT - BEEF AND VEAL, PRESERVED EXCEPT FROZEN, VALUED
OVER 30 CENTS LB.

CURRENT DUTY - 10 PERCENT
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AD VALOREM EQUIVALENT - NA
U.S. OFFER - 4 PERCENT
TOTAL U.S. IMPORTS - 50.9
IMPORTS FROM CANADA - .2
CANADIAN PERCENT OF TOTAL IMPORTS - 0

TSUS NO. - 175.39
PRODUCT - RAPESEED
CURRENT DUTY - 1 CENT PER LB.
AD VALOREM EQUIVALENT - 21.6 PERCENT
U.S. OFFER - 8.6 PERCENT
TOTAL U.S. IMPORTS - .2
IMPORTS FROM CANADA - .2
CANADIAN PERCENT OF TOTAL IMPORTS - 100 PERCENT

TSUS NO. - 176.45
PRODUCT - RAPESEED OIL, INEDIBLE NOT USED IN MFE OF RUB
A LUB OIL
CURRENT DUTY - 1.8 CENTS PER LB.
AD VALOREM EQUIVALENT - 5.2 PERCENT
U.S. OFFER - 2.1 PERCENT
TOTAL U.S. IMPORTS - N/A
IMPORTS FROM CANADA - N/A
CANADIAN PERCENT OF TOTAL IMPORTS - N/A

TSUS NO. - 176.46
PRODUCT - RAPESEED OIL, EDIBLE, USED IN MFE OF RUB SUBS
O LUB OIL
CURRENT DUTY - .45 CENTS PER LB.
AD VALOREM EQUIVALENT - 1.6 PERCENT
U.S. OFFER - 0
TOTAL U.S. OFFER - .1
IMPORTS FROM CANADA - .1
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CANADIAN PERCENT OF TOTAL IMPORTS - 99 PERCENT

TSUS NO. - 176.47
PRODUCT - RAPESEED OILSEED, EDIBLE NOT USED IN RUB A LUB
OIL MFE
CURRENT DUTY - 2.4 CENTS PER LB.
AD VALOREM EQUIVALENT - 10.1 PERCENT
U.S. OFFER - 9 PERCENT
TOTAL U.S. IMPORTS - .7
IMPORTS FROM CANADA - .7
CANADIAN PERCENT OF TOTAL IMPORTS - 99 PERCENT

TSUS NO. - 178.10

PRODUCT - RAPESEED OIL (EX-OUT OF HYDROGENATED OILS,
FATS AND GREASES, AND LARD SUBSTITUTES)

CURRENT DUTY - 5 CENTS PER LB.

AD VALOREM EQUIVALENT - 15.6 PERCENT

U.S. OFFER - 6.2 PERCENT

TOTAL U.S. IMPORTS - 1.0

IMPORTS FROM CANADA - CANNOT BE DETERMINED

CANADIAN PERCENT OF TOTAL IMPORTS - CANNOT BE DETERMINED

3. EMBASSY MAY DETERMINE APPROPRIATE MEANS OF
COMPLYING WITH THE PRESIDENT'S REQUEST. IN DOING SO YOU
SHOULD MAKE CLEAR THAT TRADE CONCESSIONS ARE BEING
NEGOTIATED IN GENEVA WITH OUR TRADING PARTNERS AND
THAT MAINTENANCE OF THE U.S. OFFER WILL DEPEND ON
APPROPRIATE RECIPROCITY FROM CANADA AND FROM OTHER
TRADING PARTNERS.

4. THE UNITED STATES HAS NOT MADE AN OFFER ON BOXED
BEEF BECAUSE A CONCESSION ON THIS ITEM WAS NOT
REQUESTED BY THE PRINCIPAL SUPPLIERS (NEW ZEALAND,
2.8 MILLION DOLLARS, 34 PERCENT OF U.S. IMPORTS;
AUSTRALIA, 2.4 MILLION DOLLARS, 30 PERCENT OF U.S.
IMPORTS). CANADA IS OUR EIGHTH-RANKED SUPPLIER
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ON THIS ITEM, WITH EXPORTS OF SLIGHTLY MORE THAN
60,000 DOLLARS, OR LESS THAN 1 PERCENT OF U.S. IMPORTS.
IF NEW ZEALAND WERE TO MAKE A REQUEST FOR A CONCESSION
ON BOXED BEEF, WE WOULD CONSIDER MAKING AN OFFER.
IN ANY EVENT, WE ARE WILLING TO DISCUSS FURTHER WITH GOC
OUR POSITION ON BOXED BEEF IN CONTEXT OF GENEVA
BILATERALS, IF RAISED BY GOC.

5. FYI - EMBASSY SHOULD BE AWARE THAT REPRESENTATIVES
OF U.S. PETROCHEMICAL INDUSTRY ARE VERY CONCERNED ABOUT
THE GENEROUS U.S. OFFER ON PETROCHEMICALS AND ARE
INSTITUTING A CAMPAIGN IN THE CONGRESS AGAINST THIS
PORTION OF THE OFFER. PARTICULARLY WORRISOME TO THE
INDUSTRY ARE THE MEAGER OFFERS FOR REDUCTION OF
PETROCHEMICAL TARIFFS TABLED BY OUR PRINCIPAL TRADING
PARTNERS, INCLUDING CANADA. U.S. OFFER ON PETROCHEMICALS
MAY BE DIFFICULT TO SUSTAIN WITHOUT FULL RECIPROCITY
FROM OTHER SUPPLIERS. VANCE

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